

PETROLEUM (EXPLORATION AND PRODUCTION) LAW, 1984

IN pursuance of the Provisional National Defence Council (Establishment) Proclamation, 1981 this Law is hereby made:

PART I—PETROLEUM RIGHTS

1. (1) Without prejudice to any right granted, conferred, acquired, recognised or saved in this Law to explore for or produce petroleum, all petroleum existing in its natural state within the jurisdiction of Ghana is the property of the Republic of Ghana (hereafter referred to as "the Republic") and shall be vested in the Provisional National Defence Council (hereafter referred to as "the Council") on behalf of the people.

All petroleum property of Republic.

(2) The P.N.D.C. Secretary for Fuel and Power (hereafter referred to as "the Secretary") shall represent the Republic of Ghana in negotiation for and entry into petroleum agreements.

(3) Any petroleum agreement entered into by the Secretary shall be deemed to be approved by the Council unless the Council within a month of the entry by the Secretary into such an agreement disallows the agreement.

(4) The entry into a petroleum agreement by the Secretary under the provisions of this section shall be deemed a requisite and sufficient authority over the land in relation to which the terms of the agreement are to be carried out.

2. (1) No person other than the Ghana National Petroleum Corporation established under the Ghana National Petroleum Corporation Law, 1982 (P.N.D.C.L. 64) in this Law referred to as "the Corporation", shall engage in the exploration, development or production of petroleum except in accordance with the terms of a petroleum agreement entered into between that person, the Republic and the Corporation pursuant to subsection (4) of section 5 of this Law or any other authority granted or recognised under this Law.

Exploration, development or production of petroleum.

(2) Without prejudice to section 1 of this Law, any person who intends to negotiate for a petroleum agreement for the exploration, development or production of petroleum shall submit an application to the Secretary in accordance with such Regulations and such competitive bidding procedure as may be prescribed.

(3) Copies of such an application shall be forwarded by the applicant to the National Energy Board, the Lands Commission, the Forestry Commission in cases where forest resources are to be affected by the petroleum operations envisaged, the Public Agreements Board and the Minerals Commission.

*PETROLEUM (EXPLORATION AND PRODUCTION)
LAW, 1984*

Petroleum
operations
to conform
to best
international
practices,
etc.

3. Any operations undertaken under a petroleum agreement or other authority granted under this Law shall be carried out in accordance with such Regulations as may be prescribed and with the best international practices in comparable circumstances relating to exploration and production of petroleum, including secondary recovery and the prevention of and waste of petroleum, so as to maximise the ultimate recovery of petroleum from a petroleum field. Such practices shall include all reasonable steps to secure the safety, health and welfare of persons engaged in these operations and shall be in accordance with any directions given, restrictions imposed or requirements made by the Secretary to ensure compliance with such Regulations as may be prescribed.

Secretary to
prepare
reference
map of
blocks.

4. (1) The Secretary shall prepare a reference map showing areas of potential petroleum fields within the jurisdiction of Ghana, divided into numbered areas and each of which shall be described as a "block".

(2) Subject to such guidelines as the Secretary may issue in respect of the maximum number of blocks or portions of a block or of different blocks that may be held under a petroleum agreement under this Law, a petroleum agreement may be entered into or authority obtained, in respect of such number of blocks or portions of a block or of different blocks as may be specified in such agreement or other authority.

(3) The Secretary may from time to time decide to close certain blocks other than those covered by petroleum agreements or other authority provided for under this Law, redefine the boundaries of open blocks, or give notice in the *Gazette*, or in such other manner as the Secretary deems fit, of the opening of new blocks.

(4) Any decision of the Secretary to close or redefine the boundaries of open blocks shall not become operative until after the expiration of ninety days after a notice of such closure or redefinition of the boundaries of open blocks has been published in the *Gazette* or in such other manner as the Secretary shall deem fit.

(5) Within the said period of ninety days all parties with an interest in any petroleum agreement or other authority for petroleum operations may make representations to the Secretary regarding the decision to close or redefine open blocks.

(6) No such closure or redefinition of open blocks, shall operate to reduce the area which, at the time of such closure or redefinition, is subject to a petroleum agreement.

(7) Where a petroleum field extends beyond the boundaries of an area covered by a petroleum agreement or any other authority granted or recognised under this Law, the Secretary may determine

**PETROLEUM (EXPLORATION AND PRODUCTION)
LAW, 1984**

that such petroleum field shall be developed as a single unit and may give appropriate directions to the Corporation or the contractor or any other person concerned.

5. (1) Subject to such Regulations as may be prescribed and subsections (3) and (4) of this section, the Corporation shall have a right to undertake exploration, development and production of petroleum over all blocks declared by the Secretary as open for petroleum operations over which no petroleum agreement exists.

Corporation
to have
right over
all blocks.

(2) Subject to the provisions of section 35 of this Law, the rights granted to the Corporation under subsection (1) of this section shall not effect any rights granted to any person under any licence or authority given under the Minerals Act, 1962 (Act 126) for prospecting and production before the coming into force of this Law.

(3) Where the exploration, development and production of petroleum under subsection (1) of this section is carried out by the Corporation not in association with a contractor under the terms of a petroleum agreement, the operations of the Corporation shall be carried out in accordance with such terms and conditions as may be prescribed in the Regulations, and in accordance with a long-term exploration and production programme and annual programme drawn up by the Corporation in respect of each block and approved by the Secretary.

(4) Where the exploration, development and production of petroleum is carried out by the Corporation in association with a contractor, such contractor shall first enter into a petroleum agreement, in accordance with subsection (1) of section 2 of this Law, with the Republic and the Corporation to specify the terms and conditions under which such petroleum operations shall be carried out. Any such petroleum agreement shall include such provisions as may be required by Part II of this Law.

6. (1) Subject to the provisions of this Law and such Regulations as may be prescribed, the Corporation or a contractor or sub-contractor shall have the right to enter upon any land to carry out petroleum operations.

Right to
enter land.

(2) Any person holding a title to or an interest in land on which the Corporation or a contractor or sub-contractor proposes to enter and to carry out petroleum operations shall, after consultation with the Corporation, permit the carrying out of such operations:

Provided that,

(a) before the commencement of such operations all persons having a title to or interest in the land on which

**PETROLEUM (EXPLORATION AND PRODUCTION)
LAW, 1984**

such operations are to be carried out shall be notified of the purpose, nature and location of the proposed operations; and

- (b) any person having a title to or interest in such land who suffers any loss or damage as a result of the petroleum operations shall be entitled to such compensation as may be determined by Law.

Compensation.

7. (1) The owner or occupier of any land on which the Corporation or such contractor or sub-contractor as the case may be, has carried out petroleum operations, shall apply to the Corporation or sub-contractor for compensation for any disturbance, of the owner's or occupier's surface rights and for any damage to the surface of the land, buildings, works or improvements or to livestock, crops and trees as a result of such petroleum operations.

(2) Such application for compensation shall be copied to the Secretary and Land Valuation Board.

(3) The amount of compensation payable under subsection (1) of this section shall, subject to the approval of the Land Valuation Board, be determined by agreement between the parties concerned, or if the parties are unable to reach agreement as to the compensation, the matter shall be referred to the Secretary who shall in consultation with the Land Valuation Board determine the compensation payable.

Non-assignment of petroleum agreement.

8. A petroleum agreement entered into under this Law shall not directly or indirectly be assigned, in whole or in part, by the holder of such agreement to another person without the prior consent in writing of the Secretary.

Notification and appraisal of petroleum discovery.

9. (1) The Corporation or a contractor shall furnish such information as may be requested by the Secretary and submit periodic reports on any exploration carried out under a petroleum agreement in accordance with such Regulations as may be prescribed.

(2) Where a petroleum discovery is made as a result of such exploration, the Corporation or the contractor, as the case may be shall notify the Secretary and the National Energy Board within a period of thirty days after the date of such discovery and shall, in addition, furnish full particulars in writing of the discovery to the Secretary and the said Board as soon as practicable thereafter, indicating whether such discovery merits appraisal or not.

(3) The Corporation or the contractor, as the case may be, shall, after indicating that the discovery merits appraisal, prepare and submit to the Secretary and the National Energy Board a programme and time-table to carry out an adequate and effective

**PETROLEUM (EXPLORATION AND PRODUCTION)
LAW, 1984**

appraisal of such discovery for the purpose of enabling a determination to be made as promptly as possible whether such discovery constitute a commercial field, and the petroleum agreement shall specify the period for carrying out such appraisal.

(4) Where a commercial field is established, such field shall be developed promptly by the Corporation or the contractor, as the case may be, in accordance with such Regulations as may be prescribed and with the best international techniques and practices prevailing in the petroleum industry, in order to ensure the most efficient, beneficial and timely use of the petroleum resources concerned.

(5) Where a contractor declares a discovery to be non-commercial, the area which comprises the geological structure in which the discovery is located shall be relinquished by the contractor.

10. (1) The Corporation or a contractor as the case may be, shall submit to the Secretary and the National Energy Board a development plan in respect of any petroleum field to be developed directly by the Corporation or in accordance with the terms of a petroleum agreement and such Regulations as may be prescribed. Development plans, annual and long-term production programme.

(2) No operations shall commence to implement a development plan unless the plan has been approved by the Secretary.

(3) The Corporation or a contractor, as the case may be, shall submit for the approval of the Secretary long-term production programmes in respect of any petroleum field to be developed directly by the Corporation or in accordance with the terms of a petroleum agreement and such Regulations as may be prescribed.

(4) The Secretary may direct the Corporation or a contractor, as the case may be, to take all necessary and practical steps to increase or reduce the rate at which petroleum is being recovered to such a rate as will enhance the ultimate recovery of petroleum from the field and not to exceed the capacity of existing production facilities in accordance with such Regulations as may be prescribed.

PART II—PETROLEUM AGREEMENTS

11. This Part shall apply to petroleum agreements entered into by the Republic, the Corporation and a contractor pursuant to subsection (4) of section 5 of this Law. Application of this Part.

12. (1) A petroleum agreement entered into under this Law shall be valid for a total period not exceeding thirty years, but such agreement shall terminate at any earlier time provided for in the agreement and in any case if no commercial discovery of petroleum is made within seven years from the effective date of such agreement or such lesser period as may be stipulated in such agreement. Period of validity of petroleum agreement.

**PETROLEUM (EXPLORATION AND PRODUCTION)
LAW, 1984**

(2) The period commencing from the effective date of a petroleum agreement until the date of termination of the agreement if no commercial discovery is made specified in subsection (1) of this section shall constitute the exploration period and such period shall be divided into an initial exploration period and one or more periods of extension.

(3) Where a discovery of petroleum is made during the last year of the time period specified in subsection (1) of this section for termination of an agreement if no commercial discovery is made, the Secretary may grant an extension of such time period in respect of the reduced area comprising the geological structure in which the discovery is located on such terms and conditions as the Secretary deems fit for the purpose of enabling a determination to be made within such period of extension whether such discovery of petroleum constitutes a commercial field.

Review of
terms and
conditions.

13. A petroleum agreement shall provide for a review of its terms at any time any significant change occurs in the circumstances prevailing at the time of the entry into the agreement or the last review of the agreement.

Relinquish-
ment of
portions of
an area.

14. (1) A petroleum agreement shall provide for the relinquishment in a phased manner of portions of an area to which the agreement relates after the expiration of the initial exploration period specified in the agreement or after the extension of any such period.

(2) Any area relinquished in accordance with the terms of a petroleum agreement shall, in so far as it is possible, be contiguous and compact and of such size and shape as will permit the effective carrying out of petroleum operations in the relinquished area and shall be in accordance with such Regulations so may be prescribed.

(3) The area to be retained at the end of the exploration period shall, in so far as possible, include the petroleum reservoirs for all discoveries of petroleum which may have been made in the agreement area and shall be of such size and shape as the Secretary shall approve, except as may otherwise be provided in accordance with the terms of a petroleum agreement.

Minimum
work and
expenditure
obligations.

15. A petroleum agreement shall provide for a minimum work and expenditure obligations to be fulfilled by a contractor during the initial exploration period and each subsequent extension of such period.

Production
of
natural gas.

16. (1) A petroleum agreement shall provide that any natural gas produced in association with crude oil may be used in petroleum operations, but such use shall be in accordance with such Regulations as may be prescribed and with good petroleum industry practice and approved production plans.

**PETROLEUM (EXPLORATION AND PRODUCTION)
LAW, 1984**

(2) Any natural gas produced by a contractor in association with crude oil which is not used in petroleum operations pursuant to subsection (1) of this section and all natural gas produced other than in association with crude oil shall be the property of the Corporation except as may otherwise be agreed upon by the Corporation and the contractor in accordance with the terms of a petroleum agreement.

17. A petroleum agreement shall provide that the Corporation shall, within a specified period of time from the date a discovery is declared to be commercial, have the option to acquire up to such percentage of the interest in the rights and obligations of such petroleum operations on such terms as may be agreed between the Corporation and the contractor in such petroleum agreement. Participating interest.

18. There shall be payable to the Republic by a contractor such annual rental charges as may be prescribed by the Secretary except as may otherwise be provided in accordance with the terms of a petroleum agreement in respect of the area to which such agreement relates during the initial exploration period or any extensions of such period. Rental payments.

19. A contractor shall, subject to the provisions of this Law, pay company income tax in accordance with the laws of Ghana, except as may otherwise be provided in accordance with the terms of a petroleum agreement. Payment of tax.

20. (1) There shall be payable to the Republic royalty in respect of any petroleum produced in Ghana, except as may otherwise be provided in accordance with the terms of a petroleum agreement. Payment of royalties.

(2) Petroleum produced by the Corporation carrying out petroleum operations pursuant to subsection (3) of section 5 of this Law shall be subject to the payment of royalty at such rates as may be prescribed from time to time.

(3) Petroleum produced pursuant to a petroleum agreement shall be subject to the payment of royalty at such rates as may be specified in such agreement, and the Corporation shall be liable for the payment of such royalty as is due in respect of such petroleum.

21. (1) A petroleum agreement shall provide for the transfer to the Corporation of all physical assets purchased, installed, constructed by the contractor for petroleum operations and the cost of which has been included in Exploration Expenditures, provided that the contractor shall have the use of such assets for purposes of operations under a petroleum agreement and shall remain liable for maintenance, insurance and other costs associated with such use. Contractor to transfer assets to Corporation

**PETROLEUM (EXPLORATION AND PRODUCTION)
LAW, 1984**

(2) Without prejudice to subsection (1) of this section, after termination of petroleum operations in any area, the contractor shall give the Corporation an option to acquire any movable and immovable assets used for such petroleum operations, and the operation of section 28 of this Law may be modified accordingly at the request of the Corporation.

(3) The provisions of this section shall not require the contractor to transfer to the Corporation equipment or any other assets rented or leased by the contractor which is imported into Ghana for use in petroleum operations and subsequently re-exported therefrom, and which is of the type customarily leased for such use in accordance with petroleum industry practice.

**PART III—RIGHTS AND OBLIGATIONS OF CONTRACTORS
AND SUB-CONTRACTORS**

Petroleum
sub-
contracts
not
assignable
without
consent of
Secretary.

Obligations
of
contractors
and sub-
contractors.

22. A contractor or sub-contractor shall not assign, either directly or indirectly, his rights and obligations under a petroleum sub-contract, in whole or in part, to a third party without the prior written consent of the Secretary.

23. (1) A contractor or sub-contractor shall conduct petroleum operations under a petroleum agreement or petroleum sub-contract, as the case may be, with due diligence and efficiency and in accordance with both such Regulations as may be prescribed and with the best international techniques and practices prevailing in the petroleum industry, in a workman-like manner, observing sound engineering and technical practices and using appropriate advanced technology and effective equipment, machinery, methods and materials.

(2) All data and information obtained by a contractor or sub-contractor as a result of petroleum operations and all geological, geophysical, technical, financial and economic reports, studies, interpretations and analysis prepared by or on behalf of a contractor or sub-contractor in connection with such petroleum operations shall be the property of the Corporation.

(3) A contractor or sub-contractor shall not retain or export or permit the retention or export of any such data or documents referred to in subsection (2) of this section without the prior approval in writing of the Corporation, and where much data or documents are exported, the contractor or sub-contractor shall, at the written request of the Corporation, re-export them forthwith to Ghana.

(4) Where such interpretations or analysis referred to in subsection (2) of this section are done outside Ghana, copies of

**PETROLEUM (EXPLORATION AND PRODUCTION)
LAW, 1984**

the reports thereon shall be forwarded to the Corporation forthwith by the contractor or sub-contractor responsible for such interpretations or analysis.

(5) A contractor or sub-contractor shall keep all data acquired and any existing data released to him by the State or the Corporation confidential and shall not disclose such data to a third party without permission from the Secretary except as may otherwise be provided in accordance with the terms of a petroleum agreement or petroleum sub-contract, as the case may be.

(6) A contractor or sub-contractor shall maintain in Ghana complete and accurate records of all operations carried out by him and also complete and accurate books of account, records and registers relating to such activities.

(7) A contractor or sub-contractor shall furnish to the Corporation at regular intervals reports on petroleum operations being carried out by him and shall also furnish to the Corporation such data, information or reports as the Corporation may request.

(8) A contractor or sub-contractor shall furnish the Corporation such performance bonds and guarantees as may be required in accordance with the Regulations and in accordance with the terms of a petroleum agreement or petroleum sub-contract entered into under this Law in order to ensure the fulfilment of the obligations undertaken by such contractor or sub-contractor or the discharge of his liabilities arising out of the operations under such petroleum agreement or petroleum sub-contract and to ensure compliance with this Law and the Regulations.

(9) A contractor or sub-contractor shall at all times keep the Corporation indemnified against claims arising from the operations of such contractor or sub-contractor brought by third parties.

(10) A contractor or sub-contractor shall, in accordance with the Regulations and with the terms of a petroleum agreement or petroleum sub-contract, as the case may be, ensure that opportunities are given as far as is possible for the employment of Ghanaians having the requisite expertise or qualifications in the various levels of the operations.

(11) A contractor or sub-contractor shall not engage in discriminatory practices on grounds of race, nationality or sex in the conditions of service provided for personnel.

(12) A contractor or sub-contractor shall, as far as practicable, in accordance with the Regulations and the petroleum agreement or sub-contract use goods and services produced or provided in Ghana for his operations in preference to foreign goods and services.

**PETROLEUM (EXPLORATION AND PRODUCTION)
LAW, 1984**

(13) A contractor or sub-contractor shall, in consultation with the Corporation, prepare and implement, in accordance with the Regulations and in accordance with the terms of any such petroleum agreement or petroleum sub-contract, plans and programmes for training Ghanaians in all job classifications and in all aspects of petroleum operations.

(14) A contractor or sub-contractor shall while carrying out petroleum operations prepare and implement plans for the transfer to the Corporation of advanced technological know-how and skills relating to petroleum operations but this provision shall not be interpreted to disable the contractor or sub-contractor from protecting their competitive position in the petroleum industry or requiring the Corporation also to take steps to protect such competitive position.

(15) Except for such sub-contractors as may be exempted from the requirements of this subsection by the Regulations, a contractor or sub-contractor which is not an incorporated company in Ghana under the Companies Code, 1963 (Act 179) shall—

- (a) register an incorporated company in Ghana under the provisions of the Companies Code, 1963 (Act 179) to be authorised to carry out solely petroleum operations in respect of which a petroleum agreement or petroleum sub-contract has been entered into under this Law and such company shall be a signatory to any petroleum agreement;
- (b) maintain an office or establishment in Ghana to carry out petroleum operations and shall have in charge of such office or establishment a representative with full authority to act and to enter into binding commitments on behalf of the contractor or sub-contractor, as the case may be; and
- (c) in respect of such petroleum operations, open and maintain an account with a bank in Ghana.

(16) A contractor or sub-contractor shall not transfer any share or shares in its incorporated company in Ghana to a third party either directly or indirectly without the written approval of the Secretary if the effect of such transfer would be either to give such third party control of such company or to enable such third party take over the interests of a shareholder who owns five *per centum* or more of the shares in such company.

(17) A contractor or sub-contractor carrying out petroleum operations shall maintain at the work site an establishment capable of dealing adequately with fire, oil spills, blow-outs, accidents or other emergency situations so as to prevent or control such situations and to minimise loss or damage therefrom.

**PETROLEUM (EXPLORATION AND PRODUCTION)
LAW, 1984**

(18) A contractor or sub-contractor carrying out petroleum operations shall be responsible for any pollution or damage caused by or resulting from such operations as well as pollution or damage caused by or resulting from petroleum operations undertaken by an agent or employee of such contractor or sub-contractor and shall take all necessary measures to remedy any pollution or damage so caused.

(19) If at any time a contractor or sub-contractor fails to carry out petroleum operations in a safe manner in accordance with the Regulations and with the best international techniques and practices prevailing in the petroleum industry in comparable circumstances, the Corporation may, after giving the contractor or sub-contractor, as the case may be, such notice as may be reasonable in the circumstances, take all measures necessary to ensure safety and may recover the costs and expenses of so doing from the contractor or the sub-contractor.

24. (1) (a) A contractor shall, subject to the provisions of this Law and in association with the Corporation, have a right to carry out petroleum operations and execute such works as may be expedient in the area, the subject of a petroleum agreement. Rights of a contractor.

(b) The exercise of such rights of the contractor conferred by paragraph (a) of this subsection shall be subject to restrictions in specified areas which shall be prescribed in the Regulations.

(2) Subject to the provisions of subsection (3) of this section, a contractor shall be permitted to export from Ghana any petroleum which he is entitled under the terms of a petroleum agreement to export.

(3) Where there is war or other emergency affecting energy supplies, the Secretary may require a contractor to sell all or part of the quantity of petroleum produced at the prevailing market prices to the Republic or any agency of the Republic.

PART IV—MISCELLANEOUS

25. Subject to the provisions of this Law, any transaction between a contractor or sub-contractor and an affiliate in relation to petroleum operations to be carried out under this Law shall be on the basis of prevailing international competitive prices and such other terms and conditions as would be fair and reasonable if such transaction had taken place between the contractor or sub-contractor and a non-affiliate. Transaction between contractor and affiliates.

**PETROLEUM (EXPLORATION AND PRODUCTION)
LAW, 1984**

- Auditing.** **26.** An auditor appointed by the Corporation or any person authorised by the Corporation shall have the right at all reasonable times to inspect, test and audit, as appropriate, the works, equipment, operations and financial books of account, records and registers relating to petroleum operations performed by a contractor or a sub-contractor under this Law and to make abstracts or copies of any document pertaining to such operations.
- Inspection.** **27. (1)** The Secretary may authorise any person to inspect any petroleum operations and to ensure that such petroleum operations are carried out in accordance with the provisions of this Law and the Regulations and in accordance with the terms and conditions of any applicable petroleum agreement or petroleum sub-contract.
- (2) Any person authorised by the Secretary under subsection (1) of this section shall have the right at reasonable times to:
- (a) enter any area, structure, platform, vehicles, installation, vessel, aircraft, facilities, offices or buildings used by the Corporation, a contractor or sub-contractor for petroleum operations;
 - (b) inspect, test and audit, as appropriate, the works, equipment, operations and financial books of account, records and registers of a contractor or sub-contractor or the Corporation relating to or used in such petroleum operations;
 - (c) take and remove for the purposes of analysis or testing sample of petroleum, water or other substance from a well;
 - (d) inspect, take extracts from, and make copies of any document relating to such operations; and
 - (e) make such examinations and inquiries as are necessary to ensure that the provisions of this Law and the Regulations are being complied with.
- (3) A contractor or sub-contractor or the Corporation, as the case may be, shall provide any person authorised by the Secretary under subsection (1) of this section with all reasonable facilities and assistance to enable the effective and timely performance of the inspection functions under this section.
- Restoration of affected lands.** **28.** After the termination of petroleum operations in any area the Corporation, in the case of operations pursuant to subsection (3) of section 5 of this Law or the contractor, in the case of operations pursuant to a petroleum agreement in accordance with subsection (4) of section 5 of this Law, shall restore the affected areas and remove all causes of damage or danger to the environment in accordance

**PETROLEUM (EXPLORATION AND PRODUCTION)
LAW, 1984**

with the Regulations. Such restoration shall include removal of all property brought into the affected area but no longer required for further petroleum operations, the plugging or closing off of all abandoned wells in such a manner as may be provided by the Regulations; and the conservation and protection of natural resources in such area.

29. (1) The Secretary may, for the purpose of this Law, request in writing any person to furnish him, within such period as may be specified in the request, such information and documents as may be specified therein. Secretary to request for information.

(2) Any person requested to furnish any information or document under subsection (1) of this section shall comply with the request within the period specified therein.

30. Notwithstanding the provisions of the Investment Code, 1981 (Act 437) relating to the mining industry, the provisions of this Law or of any petroleum agreement or petroleum sub-contract entered into thereunder shall not entitle a contractor or sub-contractor— Exclusion of exemptions granted under Act 437.

- (a) to the exemption from payment of company tax granted under paragraph (2)(b)(i) of sub-part B of Part II of the Third Schedule to the Investment Code, 1981 (Act 437); or
- (b) to the guarantee of extended management control granted under paragraph (2)(b)(ii) of sub-part B of Part II of the said Third Schedule; or
- (c) to the exemption from payment of company tax granted under paragraph (2)(b)(iii) of sub-part B of Part II of the said Third Schedule; or
- (d) to the benefits granted to approved enterprises generally under sub-part A of Part II of the said Third Schedule

31. (1) Any person who—

- (a) undertakes petroleum operations otherwise than in accordance with the provisions of this Law;
 - (b) unlawfully interferes with or obstructs the Corporation or a contractor or sub-contractor or their agents or employees in the exercise of any right under this Law;
 - (c) wilfully obstructs, hinders or assaults any other person in the exercise of any right, power or in the performance of any duty under this Law; or
- Offences and penalties.

**PETROLEUM (EXPLORATION AND PRODUCTION)
LAW, 1984**

(d) otherwise contravenes any other provision of this Law, shall be guilty of an offence and liable on conviction to a fine not exceeding ₦1,000,000.00 and, where the offence continues, to a fine not exceeding ₦1,000,000.00 for each day on which the offence continues or to imprisonment for a term not exceeding six months or both.

(2) Where an offence is committed by a body of persons—

(a) in the case of a body corporate, other than a partnership every director or officer of the body shall be deemed also to be guilty of the offence; and

(b) in the case of a partnership, every partner or officer of that body shall be deemed to be guilty of that offence; provided that no person shall be deemed to be guilty of an offence by virtue of this section if he proves that the offence was committed without his knowledge or that he exercised due care and diligence to prevent the commission of the offence, having regard to all the circumstances.

Regulations. 32. (1) The Secretary may, by legislative instrument, make regulations prescribing all matters that by this Law are required or permitted to be prescribed or are necessary or convenient to be prescribed for carrying out or giving full effect to this Law.

(2) Without prejudice to the generality of subsection (1) of this section, the Secretary may prescribe regulations for or with respect to—

(a) ensuring the safe construction, maintenance and operation of installations and facilities used in connection with petroleum operations;

(b) the safety, health and welfare of persons employed in petroleum operations and generally for all necessary safety measures;

(c) the prevention of pollution and the taking of remedial action in respect of any pollution which may occur in connection with petroleum operations;

(d) the inspection of areas in which petroleum operations are being carried out and of any plant, machinery and equipment within those areas;

(e) the reporting of and inquiries into accidents arising out of petroleum operations;

(f) the keeping and inspection of records, accounts, statistics and plans with respect to petroleum operations;

(g) the relinquishment of portions of areas subject to petroleum agreement;

*PETROLEUM (EXPLORATION AND PRODUCTION)
LAW, 1984*

- (h) the protection of fishing, navigation, and other activities carried out within or in the vicinity of any areas in which petroleum operations are being carried out;
- (i) the making and submission of reports, returns and programmes;
- (j) the standards for petroleum and petroleum products and transportation thereof;
- (k) the rates of royalty payable in respect of petroleum production, the methods of calculation of the amount of royalty and the manner and times of payment thereof;
- (l) the reference map of numbered areas, each of which shall be described as a "block", and guidelines on the maximum number of blocks that may be held under a petroleum agreement by an applicant;
- (m) competitive bidding procedures for petroleum agreements;
- (n) determining the value of crude oil and natural gas;
- (o) requiring the Corporation and any contractor to submit to the National Energy Board and the Secretary their investment programme;
- (p) the conservation of natural resources and the avoidance of waste, whether petroleum or otherwise, of the land to which this Law applies;
- (q) the accounting procedures to be followed and reporting on all petroleum operations;
- (r) the minimum conditions of service for workers engaged in petroleum operations;
- (s) the terms and conditions of petroleum agreements pursuant to subsection (2) of section 2 of this Law;
- (t) the rates or methods of setting the rates at which petroleum and water may be recovered from any well or petroleum reservoir;
- (u) the methods to be used for the measurement of petroleum, water and other substances from a well;
- (v) the pressure maintenance in, or repressuring of, a petroleum reservoir and the recycling of petroleum;
- (w) the terms and conditions under which the Corporation shall undertake the exploration, development and production of petroleum not in association with a contractor pursuant to subsection (3) of section 5 of this Law;

**PETROLEUM (EXPLORATION AND PRODUCTION)
LAW, 1984**

- (x) the specified areas in which the exercise of rights of a contractor under subsection (1) of section 22 of this Law to carry out petroleum operations shall be restricted; and
- (y) the penalties for offences against the Regulations.

Interpreta-
tion.

33. In this Law, unless the content otherwise requires,—

- “affiliate” means any shareholder of a contractor or sub-contractor owning five *per centum* or more of the shares in the business of such contractor or sub-contractor or any entity which controls, is controlled by or is under common control with, the contractor or sub-contractor;
- “contractor” means any person, firm, body corporate or other entity which has entered into a petroleum agreement with the Republic and the Corporation pursuant to subsection (4) of section 5 of this Law;
- “crude oil” means hydrocarbons which are solid or liquid under normal atmospheric conditions and includes condensates and distillates obtained from natural gas;
- “development” includes the building and installation of facilities for the production of petroleum and the drilling of development wells;
- “discovery” means petroleum not previously known to have existed, recovered at the surface in a flow measurable by conventional industry testing methods;
- “exploration” means the search for petroleum by geological, geophysical and other means, and drilling of exploration wells, including appraisal wells, and activities connected therewith;
- “natural gas” means all hydrocarbons which are gaseous under normal atmospheric conditions and includes wet gas, dry gas and residue gas remaining after the extraction of liquid hydrocarbons from wet gas;
- “petroleum” means crude oil or natural gas or a combination of both;
- “petroleum agreement” means an agreement entered into between the Republic, the Corporation and a contractor pursuant to subsection (4) of section 5 of this Law for the exploration, development and production of petroleum by the Corporation in association with the contractor;
- “petroleum sub-contract” means any contract between the Corporation and a third party or between a contractor and a third party for the provision of

*PETROLEUM (EXPLORATION AND PRODUCTION)
LAW, 1984*

services for petroleum operations, but does not include a petroleum agreement;

"petroleum operations" means the exploration, development or production of petroleum;

"petroleum product" means any product derived from petroleum by any refining or treatment process;

"production" means the extraction and disposal of petroleum, including development operations and all other works and services connected therewith;

"Regulations" means regulations made pursuant to section 32 of this Law or pursuant to section 16 of the National Energy Board Law, 1983 (P.N.D.C.L. 62) or regulations made under the Minerals Act, 1962 (Act 126) in respect of petroleum;

"Republic" means the Republic of Ghana;

"State" means the Government of the Republic of Ghana;

"sub-contractor" means any third party with whom the Corporation or a contractor, as the case may be, has entered into a petroleum contract for the provision of services for petroleum operations.

34. (1) Except as otherwise provided in this Law, the provisions of the Minerals Act, 1962 (Act 126) shall, to the extent that they apply to petroleum, cease to be operative on the coming into force of this Law, and accordingly, any reference in that Act to petroleum shall be deemed to have been repealed. Affected legislation.

(2) Notwithstanding subsection (1) of this section any, regulations made under the Minerals Act, 1962 (Act 126) in respect of petroleum shall, to the extent they are consistent with the provisions of this Law, continue in force until amended or revoked under this Law.

(3) The Petroleum (Exploration and Production) Law, 1983 (P.N.D.C.L. 68) is hereby repealed.

35. (1) Notwithstanding section 34 of this Law any oil prospecting licence or oil-mining licence granted under the Minerals Act 1962 (Act 126) and which is in effect on the coming into force of this Law shall continue to be in operation in accordance with the terms and conditions of such licence for a period of six months following the coming into force of this Law or after such longer period as the Secretary may allow. Transitional provisions relating to prospecting and mining licences.

(2) During such period of operation, the holder of any such licence shall negotiate with the Republic and the Corporation for a petroleum agreement over all or part of the area the subject of such

*PETROLEUM (EXPLORATION AND PRODUCTION)
LAW, 1984*

licence, and no petroleum agreement relating to any part of such area shall be entered into with any party other than the holder of such licence prior to the expiration of such period.

(3) Where assets have been acquired for petroleum production under a licence of the kind referred to in subsection (1) of this section, such assets may only be removed from a site after an inspection of the site authorised by the Secretary and an approval in writing of such removal has been granted.

(4) The petroleum operation relating to any production well in existence before the coming into force of this Law shall not be terminated except with the approval in writing of the Secretary.

36. This Law shall be deemed to have come into force on the 1st day of October, 1983.

Made this 1st day of June, 1984.

FLY.-LT. JERRY JOHN RAWLINGS
Chairman of the Provisional National Defence Council

Date of Gazette notification: 29th June, 1984.